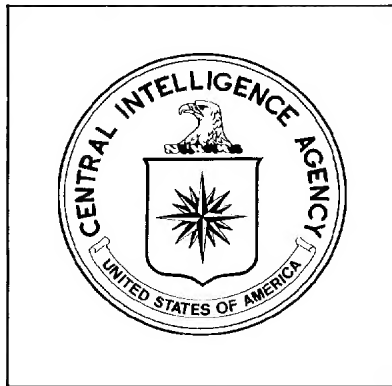


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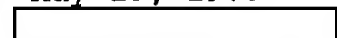
Soviet Union Eastern Europe

State Department review completed

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Hungarian Premier Fock Retires

Premier Fock relinquished his top government job to Deputy Premier Gyorgy Lazar at a one-day meeting of the party central committee yesterday.

Fock's retirement--officially for health reasons--appears to be part of party leader Kadar's effort to bring fresh faces into the top ranks of the economic decision makers. These changes could eventually lead to a reversal of Hungary's economic reform, but thus far they appear to have been made for their cosmetic rather than substantive effect. The 58-year-old Fock was appointed premier in 1967, when preparations to begin the economic reform were becoming intense.

Fock's dismissal as head of government has been rumored for more than a year, and he spoke like a man about to leave office at the party congress in March. On that occasion, he admitted that during his eight-year tenure the government had failed to control the economy satisfactorily and to imbue economic decision-makers with a clear sense of the national interest.

Differences over current economic challenges facing Hungary may have played a part in Fock's departure. Hungary has been one of the East European countries hardest hit by Western economic difficulties and the recent increases in the prices of Soviet raw materials. Budapest's trade deficit with the West has continued to grow during the early months of 1975, and at least one point of contention appears to be the question of imposing stricter import controls.

Fock's replacement, Gyorgy Lazar, is a talented economist with long service in the national

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planning office. The 51-year-old Lazar was promoted to the Politburo at the party congress in March, suggesting that the groundwork for Fock's replacement was then being laid. Fock apparently still retains his seat on the Politburo.

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Czechoslovakia: Power Struggle

The festering power struggle between moderates and hard liners in the top party leadership may come to a head by the end of the month, when the question of presidential succession reportedly will be settled.

This question has long had an unsettling effect on the delicate political balance in the leadership. It has now become even more contentious as the leadership also wrestles with such dicey issues as how to handle Alexander Dubcek and what to do with the thousands of party members who were expelled after 1968.

In many respects, the regime is paying the price of avoiding the succession issue for so long. Ludvik Svoboda, the 79-year-old President, has been seriously ill and unable to perform his official duties for more than a year. In 1973, he agreed to serve another term in office so that the leadership would have time to resolve the succession question in an orderly way.

[REDACTED]

The Prague rumor mill is in high gear on who will be selected, but party chief Husak will probably assume the presidency, and also retain the party's top office. Czechoslovakia has a precedent for one individual holding the country's top party and state offices concurrently. Husak, however, may keep the "two top hats" only until the party congress next spring, and there are signs that the prospect of an interim arrangement is already leading those who see themselves in line for Husak's party mantle to jockey for position.

Meanwhile, the US embassy reports that Husak has come under attack both from the hard liners, who

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evidently cannot stomach his conciliatory approach toward some of Dubcek's less prominent sympathizers, and from emigres and their activist supporters still in the country, who despise him as the symbol of Dubcek's defeat.

Given the pressures that he faces, Husak may decide to end the pause in the anti-Dubcek campaign that prevailed during the ceremonial holidays of early May. Having projected a facade of unity and solidarity for the celebrations, Husak is now free to undercut his hard-line critics by taking measures to rein in the dissidents.

Such steps will, however, require careful tailoring if they are to accomplish their aim without at the same time interfering with Moscow's plans for the European security talks and a conference of European Communist parties. Husak must accordingly give serious thought to the effect that his threatened "administrative measures," such as arrests, trials, and imprisonment, could have in international forums. Overreaction could create a vulnerability that the exiles and their internal supporters would immediately try to exploit. Husak still appears to be on top of the situation, but his ability to meet these challenges will be carefully noted in Moscow, and the outcome could directly influence his future.

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Gromyko's Remarks on the Middle East

Soviet Foreign Minister Gromyko's somewhat tougher remarks on Israel in his Warsaw Pact anniversary speech may have been in response to recent Arab criticism of Moscow's offer of guarantees to Tel Aviv.

Gromyko said that Israel could obtain "sufficient assurances" of its security if it renounced plans to assimilate occupied Arab lands and recognized the rights of the Palestinians to set up their own state. In his speech last month before Syrian Foreign Minister Khaddam, Gromyko had been more explicit, saying that under an appropriate agreement the USSR would participate in giving Israel "the strictest guarantees." In his April speech, Gromyko had also linked guarantees to Israeli withdrawal from Arab lands and the establishment of a Palestinian state, but that speech was constructed in such a way as to ensure that the guarantee angle would catch the headlines.

Gromyko also voiced Moscow's concern that the US is again thinking of resuming shuttle diplomacy. He said that "from time to time" Israel and "certain Western capitals" return to the idea of separate deals. In a chiding reference to the Egyptians, he said that others champion this even though it is "step-by-step further away from a settlement."

The remarks were obviously timed to put Secretary Kissinger on the defensive before his Monday meeting with Gromyko in Vienna. In a similar gambit, Brezhnev had denounced partial agreements as a "soporific" for the Arabs on the eve of the Gromyko-Kissinger meeting in February.

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Yugoslavs Drawing the Line on
European Communist Conference Participation

Tito has sent his top party expert in international relations, Aleksandr Grlickov, to Moscow amid signs of widening differences between the Soviets and Yugoslavs over preparations for a European Communist meeting.

The trip to Moscow follows a well-publicized meeting on Tuesday of Tito, Grlickov, and Stane Dolanc, number-two man in the party. Milika Sundic, radio Zagreb's star commentator, reported the next day that Grlickov had left for Moscow and implied that he might present the CPSU with an ultimatum. In repeating Yugoslav positions on multilateral meetings, Sundic said that if the Soviets try to criticize other parties or to shove through a binding program for European communists, Belgrade either would not attend or would refuse to sign any final documents. The US embassy in Belgrade has since heard reports that the Yugoslav party refused to participate in a working group that again met in East Berlin on Monday to work on a draft document for the formal conference.

Earlier in the week, Dolanc and Grlickov had been host to a delegation of the Spanish Communist Party, one of the more vocal supporters of efforts to block Soviet stratagems. Although there have been no other reported contacts, Belgrade's like-minded friends in Bucharest and Rome have probably also been informed of the stiffened Yugoslav position.

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